

**MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION
HEARING OF JUNE 19, 2002**

REGULAR MEETING

9:00 A.M.

JUNE 19, 2002

PRESENT:

COMMISSIONERS:	Gerald W. Smith, Chairman	Jon D. Mikels
	Jim Bagley, Vice Chairman	Richard P. Pearson
	Bob Colven	A.R. "Tony" Sedano, Alternate
	David Eshleman, Alternate	Diane Williams

STAFF: **James M. Roddy, Executive Officer**
 Clark H. Alsop, Legal Counsel
 Debby Chamberlin, Clerk to the Commission

ABSENT:

COMMISSIONERS: **James V. Curatalo, Alternate**
 Dennis Hansberger, Alternate
 Bill Postmus

STAFF: **Kathleen Rollings-McDonald, Deputy Executive Officer**

REGULAR SESSION - CALL TO ORDER - 9:04 A.M.

Chairman Smith calls the regular session of the Local Agency Formation Commission to order. Commissioner Sedano leads the flag salute.

Chairman Smith requests those present who are involved with any of the changes of organization to be considered today by the Commission and have made a contribution of more than \$250 within the past twelve months to any member of the Commission to come forward and state for the record their name, the member to whom the contribution has been made, and the matter of consideration with which they are involved. There are none.

APPROVAL OF MINUTES FOR REGULAR MEETING OF MAY 15, 2002

Chairman Smith calls for any corrections, additions, or deletions to the minutes. There are none. Commissioner Pearson moves approval of the minutes as presented, seconded by Commissioner Colven. Chairman Smith calls for a voice vote on the motion and it is as follows: Ayes: Bagley, Colven, Mikels, Pearson, Smith, Williams. Noes: None. Abstain: None. Absent: Postmus.

CONSENT ITEMS

LAFCO considers the items listed under its consent calendar. Chairman Smith states that the consent calendar consists of approval of the Executive Officer's Expense Report and consideration of LAFCO SC#180 - City of Redlands OSC #02-02 for Water Service (Tract 2825). Chairman Smith announces that LAFCO SC#180 will be deferred for discussion since a request to speak has been submitted.

Visa Justifications have been prepared for the Executive Officer's Expense Report and a copy of each is on file in the LAFCO office and is made a part of the record by its reference herein. The staff recommendation is that the Commission approve the Executive Officer's Expense Report.

Chairman Smith asks whether there is anyone present wishing to discuss the Expense Report. There is no one.

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Commissioner Colven moves approval of the Executive Officer's Expense Report, seconded by Commissioner Pearson. Chairman Smith calls for any objections to the motion. There being none, the voice vote on the motion is as follows: Ayes: Bagley, Colven, Mikels, Pearson, Smith, Williams. Noes: None. Abstain: None. Absent: Postmus.

DISCUSSION ITEMS

CONSIDERATION OF: (1) REVIEW OF NEGATIVE DECLARATION PREPARED BY CITY OF REDLANDS FOR PRE-ANNEXATION AGREEMENT NO. 02-02 FOR OUTSIDE UTILITY CONNECTION FOR APN 299-261-01 AS CEQA RESPONSIBLE AGENCY FOR LAFCO SC#180; AND (2) LAFCO SC#180 - CITY OF REDLANDS OSC #02-02 FOR WATER SERVICE (TRACT 2825) - DEFER FOR DISCUSSION AND APPROVE STAFF RECOMMENDATION

A request to speak has been submitted for this item which was on the consent calendar so it has been deferred for discussion. Notice of the matter was advertised as required by law through publication in The Sun, a newspaper of general circulation.

Executive Officer James Roddy presents the staff report, a copy of which is on file in the LAFCO office. Mr. Roddy says this is a service contract for the extension of water service by the City of Redlands (hereinafter referred to as "the City") to a parcel within the Crafton community. He says a pre-annexation agreement has been signed by the City and the landowner. He says that from the staff's point of view, it was a routine service agreement application meeting the Commission's requirements and policies and that approval was recommended on that basis. He says the staff recommendation is on page one of the staff report and includes taking the various actions related to environmental review, approving SC#180, and adopting LAFCO Resolution No. 2736 setting forth the Commission's findings, determinations and approval of the agreement for service outside the City's boundaries.

Ernie Givens, President of the Mentone Area Community Association, states that this parcel is way into the Crafton Hills area. He says the City has bought all the water rights and wells and water companies. He says his concern is that the City is coming into the community of Crafton Hills, which is part of the unincorporated Mentone area, and says it will provide water to this parcel if the landowner signs a contract that he will annex to the City at some time in the future. Mr. Givens objects to the piecemeal annexation effect this has. He asks that the Commission not authorize the contract, saying that the developer will get water, whether it be from the Crafton Hills Water District, which he says is nonpotable water, or from the City.

Commissioner Sedano asks what the landowner's alternative is to receiving water from the City. Mr. Givens replies that the City supplies water now to Mentone, and he says the City should provide the water service to the parcel now, without making the landowner sign an agreement to annex in the future. Commissioner Mikels discusses that an irrevocable agreement to annex is part of the process for "down the line", but he adds that if the parcel is not contiguous, and Mr. Roddy confirms that it is not, annexation cannot take place now. He says the City is not obligated to provide the water service if the landowner does not sign the agreement. Mr. Givens asks whether there is something through a state agreement that, since the City is the only water service in the area, the City has to provide water for a construction permit. Commissioner Mikels comments that even prior to the time LAFCO was required to approve out-of-boundary service contracts, he thinks cities required irrevocable agreements to annex in order to provide service.

Commissioner Bagley discusses that the people in this area may want to look into creating their own city because he says these irrevocable agreements to annex will steadily come into force if the people do not take control of their own destiny. Commissioner Colven asks what the proximity is of the nearest water service to the site. Mr. Givens responds that the City limits are at Wabash and says that the City has water service to that area now. He says his complaint is with the contract with the City to annex and says he would have no problem with that, if the parcel was contiguous to the City.

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Commissioner Bagley asks whether the agreement to annex would be null and void if the area incorporated. Legal Counsel Clark Alsop responds that it would. He says these types of agreement provide that the landowner will not protest a future annexation, and he says it would be an entirely different situation if the area incorporated. In response to inquiry of Commissioner Colven, Mr. Roddy indicates that no comments were received on this matter from the community. Commissioner Bagley says he hopes the community will consider incorporation before it is "gobbled up" little by little. Commissioner Mikels asks, since the City is the only possible water purveyor, whether there is any case law regarding lawsuits by property owners suing to receive water service because they did not want to annex. He asks whether there legally is a way to force water availability if someone does not want to annex. Mr. Alsop says that cities are not obligated to provide services outside their boundaries. He says some cities say that if someone wants water service they must annex, while others will provide service with an agreement such as the one being considered today.

Commissioner Pearson discusses that the Commission routinely approves many out-of-agency service contracts where the property owner agrees not to protest annexation. He points out that in many cases, nothing further has been heard about annexation. He notes that this process is for the convenience of all the "players" and to satisfy legal requirements. He says that although the only alternative is incorporation, that is not a simple process, especially since the ground rules for incorporation have changed considerably.

Commissioner Sedano asks for clarification as to what would happen with the agreement if the Commission approves it and then three years later the area wants to incorporate. Mr. Alsop clarifies that the Commission is not approving the agreement between the City and the property owner, but he says the Commission is approving the extension of the City's services outside its boundaries, and that part of that application for the extension of service is the agreement not to protest annexation. He says if incorporation is proposed later, that is a different situation and has nothing to do with not protesting an annexation. Commissioner Eshleman asks what happens if someone signs an agreement and then changes his mind and wants to fight annexation. Mr. Alsop responds that there would be a legal battle over the contract. Commissioner Bagley comments that it is not within the Commission's jurisdiction to request that the property owner not be required to sign the agreement. Commissioner Sedano comments he is surprised this item was on the consent calendar. Commissioner Eshleman asks whether the City of Redlands would be required to provide water to another incorporated city. Mr. Alsop responds that the City would not, and he says that would be an issue the Commission would have to consider if it were looking at the incorporation of the Mentone community.

Chairman Smith calls for further testimony. There being none, he closes the hearing.

Commissioner Bagley moves approval of staff recommendation, seconded by Commissioner Pearson. Chairman Smith calls for any objections to the motion. There being none, the voice vote on the motion is as follows: Ayes: Bagley, Colven, Mikels, Pearson, Smith, Williams. Noes: None. Abstain: None. Absent: Postmus.

CONSIDERATION OF: (1) CEQA STATUTORY EXEMPTION FOR LAFCO 2883; AND (2) LAFCO 2883 - ANNEXATION TO COUNTY SERVICE AREA 64 (AS EXPANDED) - APPROVE STAFF RECOMMENDATION

LAFCO conducts a continued public hearing from March 20, 2002, to consider an annexation to County Service Area 64 (hereinafter referred to "CSA 64" and "the District"). Notice of this hearing was provided as required by law through publication in The Sun and Daily Press, newspapers of general circulation in the area and by providing individual mailed notice to landowners and registered voters in the expanded area pursuant to State law and Commission policy.

Executive Officer James Roddy presents the staff report, a copy of which is on file in the LAFCO office and is made a part of the record by its reference herein. Mr. Roddy states that at the March 20 hearing the Commission considered a two and one-half acre annexation initiated by the owners of the Lakeside

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Academy Daycare Center (David and Lisa Oliver). He reports that it was discovered by Special Districts staff that an adjacent developed parcel, known as the "Sterling Commons", was receiving water and sewer service but had never been annexed. He explains that the point was discussed with Special Districts that over the years a piecemeal approach to annexation had lead to a confusing boundary and an illogical service area--an island area surrounded by the boundaries of CSA 64. He notes that the area is within the City of Victorville and receives some services from Victorville, but says the only source of water for the area is CSA 64. He reports that staff suggested that the proposal be expanded to approve annexation of the entire area, with the following understandings. First, annexation would not serve as a will-serve commitment from CSA 64. Any owner of vacant land that wishes to develop would need to undertake engineering studies, water and sewer feasibility studies, address capacity and supply issues, and pay the appropriate fees. Second, the larger annexation would not impair the ability of CSA 64 to continue to provide service within the current service area. Third, it would cut through a lengthy, expensive annexation process to clarify confusing boundaries.

Mr. Roddy reports that he met with the Spring Valley Lake Association (SVLA) which has expressed concern that annexation would expand the service when water issues are uncertain and the Mojave water adjudication is ramping down water capacity and supply issues. He says he tried to assure this homeowners' association that the expanded annexation would not commit CSA 64 to provide water or sewer service until the landowners within the area provided for the necessary studies and funds. Mr. Roddy says the staff recommendation is that the Commission: (1) determine that LAFCO 2883, as expanded, is statutorily exempt from environmental review and direct its Clerk to file a Notice of Exemption within five (5) working days; (2) expand and approve LAFCO 2883; and (3) adopt LAFCO Resolution No. 2737 setting forth the Commission's findings and determinations. He says this expansion would not impair the service capability of CSA 64 and would provide landowners with a streamlined approach to service capability, save annexation fees, and clarify the boundary. He notes that individuals from the Spring Valley Lake area, as well as representatives from the Special Districts Department, are present this morning to speak.

Commissioner Colven comments that Mr. Roddy makes a strong case that there are no disadvantages to this expansion, but that there are advantages to expansion. Mr. Roddy responds that in staff's view, this expansion provides no near-term commitment or shortcut for service; and he says Special Districts staff can respond to that.

Chairman Smith opens the public hearing and calls on those wishing to speak.

Christopher Coleman, who lives in the Spring Valley Lake area and is a member of the Board of the SVLA, states that CSA 64 was formed for, and is supposed to represent and serve, Spring Valley Lake in this issue; but he says that did not happen. Mr. Coleman says the SVLA found out by accident that the Lakeside Academy had been issued a permit by the City of Victorville and was building a facility without any guarantees of water or sewer. He says when the SVLA found that out, they thought if the Association did not protest this, it would be a single parcel annexation that they were not protesting. He says then they found out that the Sterling Inn has been served with water by CSA 64 for many years without being annexed. He says this area is within the City of Victorville and that the people in the area have no say over what is built there. He points out that the Victor Valley College is within CSA 64 and is building other multiple-unit facilities on its property and that Victor Elementary School District is planning a school for the area, which will take up a large part of the property. He notes that the Victor Valley Water District, which is across the street on the west side of Ridgecrest Road, adjacent to the annexation area, has the facilities to serve this area. Mr. Coleman says that the SVLA agreed to allow the annexation of the Lakeside Academy parcel without protest, but says then LAFCO staff decided to "piggyback" the other 80 acres onto this annexation. He reports that Spring Valley Lake still has approximately 800 lots to buildout to its maximum and says it will have a big impact if a hotel or other multi-unit facilities are approved for the area. He requests that annexation be postponed until more involvement and input from the people in the Spring Valley Lake area have been received or until conditions can be put in place that will provide some protection for Spring Valley Lake.

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Commissioner Mikels asks for an explanation for the overlap in boundaries of CSA 64 and the City of Victorville. Mr. Roddy points out the area on the map displayed on the wall and says the overlap of a county service area into a City is permitted by State law, with the consent of the city. He notes that the City of Victorville has consented to this overlay and supports expansion of the proposal.

Commissioner Mikels asks Mr. Coleman whether the SVLA has taken an official position on this proposal yet or whether it "snuck up" on them. He says he is trying to understand what the negative impacts of this expansion are on the Spring Valley Lake community. Mr. Coleman responds that the SVLA has taken an official position and says this did "sneak up" on them. He explains that the earlier annexations of Victor Valley College and the Sterling Inn and other commercial facilities along Bear Valley Road were implemented when there was no water adjudication program in the High Desert. He says water is now very expensive; that there are at least 800 more homes sites to buildout in Spring Valley Lake; and that they would not be here today if not for the issue of water availability. Commissioner Mikels says he will ask someone from Special Districts to respond to the water availability issue.

Mike Adams, who lives in Spring Valley Lake and is a member of the Board of the SVLA, reports that the Board voted five to one to oppose the annexation at, he believes, its April meeting. Mr. Adams says that anyone coming into the District puts a burden on the system. He says that anything over what they are allowed to pump must be paid for and he says the water is getting more expensive every year. He indicates that he hopes there can be an understanding that anyone annexing will have to bring water rights with them. He says that Special Districts is a very busy organization, managing dozens of systems, and the fact that they only recently discovered that an entity had been receiving services for many years without annexing shows that they have a lot to handle. He says the issue is water availability and cost and says there are stories that replenishment water will go to \$500-\$700 an acre foot in the next year and a half, and he says they want the people in CSA 64 protected from having to pay for that when someone new annexes. He says they will eventually put a demand on their system and that the cost of replenishment water would be spread among everyone currently in CSA 64, which he says is not equitable. Mr. Adams says the SVLA does not oppose annexation for annexation's sake, but says they want to make the terms equitable and protect people in the system and insure that anyone coming into the District will pay for the connection. He says the expanded annexation seems to be a LAFCO recommended expansion, not an expansion requested by anyone in the 80-acre expansion area, and says that as such, he believes the protest level is lowered to 10% rather than 25%, if the expansion is initiated by LAFCO. Commissioner Mikels discusses that LAFCO staff's recommendation to expand this proposal does not change the protest procedures. Mr. Adams says he does not consider the District's boundaries confusing. He says it is an island but says it is all with CSA 64's sphere of influence, so it is not a question of whether it will be annexed, as much as how and under what conditions it will be annexed. He concludes by stating that the water demands for the school that is being considered for that area would be considerable and says he would like there to be some terms and conditions before annexation.

Emil Marzullo, Director of the Special Districts Department, states his department is officially neutral on this issue. Mr. Marzullo reports that several months ago in reviewing the Oliver's service issue, they found that the Sterling Inn, which had been annexed and served previously by CSA 64, had another addition to its facilities that had been put in and permitted by the City of Victorville, but had not been annexed. He explains that because of the overlay, the City of Victorville has the building permit and land use approval process authority in the area. He says CSA 64 is apparently the only water entity that can serve because the Victor Valley Water District and others have unequivocally stated they have no interest or capability serve in that area. For that reason, he says Special Districts suggested that maybe the best thing would be to annex the whole area. He says, however, that the SVLA was not in favor of that, and that application was withdrawn. He discusses that under the current circumstances, every property owner who wants to develop must individually engage LAFCO in the process. He questions whether that is good government from a policy perspective and whether that is a logical way to do things. Mr. Marzullo says he can assure the community that they will not have to pay for impacts from other people annexing to CSA 64. He discusses the engineering feasibility study process that is undertaken to evaluate all projects to determine what the impacts are and what the costs of those impacts are on the system. He explains that all property owners in

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the District have an entitlement and he says they paid for the system via a series of general obligation bond issues over the last thirty years. He says the Department ensures, through the engineering evaluation, that someone does not get something for free, that others have paid for. He discusses the buy-in fee and notes that the point of makeup obligation was brought up. He explains that Special Districts leases on an annual basis water rights or excess water capacity from property owners and says because it is a lease issue, rather than a purchase issue, those costs are rolled into the rate structure. He says all users pay that and says he does not believe anyone would get a free or cheaper deal. Mr. Marzullo discusses how the buy-in arrangements are calculated for properties. He notes that they are at a peak day demand situation now in CSA 64 and says they could not add any more large uses, such as a hotel. He explains, however, that they could serve other uses if they paid the connections fees and impact fees to build extra storage, pumps, lines, etc. He discusses that the problem with doing that on a project-by-project basis is that it creates a scattered, disjointed approach and for every project that comes in, they have to engineer a "fix"--something that makes it work from an engineering standpoint. He says that makes for a difficult, although not impossible, planning process. He points out that if a school came into the area, it would have to go through the same engineering calculation and would have to pay the fees for CSA 64 to build in the capacity. Mr. Marzullo reemphasizes that if the community's concern is that someone will get something for nothing, that will not happen because there are safeguards in place that calculate the impacts and ensure that new projects do pay. Regarding the expansion issue, he says the District can live with the situation as it exists now, but he says it is a simpler and better government approach if annexation of the whole area occurs since CSA 64 is the only entity that can serve that area.

Commissioner Mikels asks whether Mr. Marzullo has any historical knowledge regarding the overlay of CSA 64 in the City of Victorville. Mr. Marzullo responds that he does not have the specifics, but says there have been a few attempts to annex CSA 64 and Spring Valley Lake to the City of Victorville, which were not well received by the community. He adds that he thinks there was a decision 15 or 20 years ago that that CSA 64 was the only entity that could serve, so there was concurrence for the overlay. Mr. Roddy says he corroborates Mr. Marzullo's comments and says the community has strongly and traditionally opposed annexation.

Commissioner Sedano comments that there is a concern about water availability in that area and he asks whether that problem would be corrected if CSA 64 merged with the Victor Valley Water District. Mr. Marzullo responds that it would not automatically correct the problem unless there was a physical connection with Victor Valley Water District to send water into the system. He says the systems are within a few blocks of each other and explains that they would be dealing with pressure zones and the ability of water to move fluidly from one district to another, and that the systems would have to be reengineered to make that work. He says that has never been an issue so it has not been looked at. Commissioner Sedano (who was the former manager of South San Bernardino County Water District) says that District merged with the City of San Bernardino several years ago and says it can be done very easily. He says that is an option for the area.

Commissioner Pearson comments that one of the problems is that one property in that area has been "bootlegging" off of CSA 64 for some time, which has the people in the SVLA concerned. He says that situation has left a bad taste in people's mouths and that CSA 64's credibility on this issue is way down. However, he says at the same time, the people must realize that the way the District normally does business, as outlined by Mr. Marzullo, makes sense.

Mr. Marzullo explains that the first phase of the Sterling Inn was engineered, built and annexed in the way it should have been. He says the second phase of the Sterling Inn was engineered; they paid all the impact fees they should have and had their permits; but they were never annexed. He says they will capture every nickel necessary for a project, but says the potential still exists that something could slip through the cracks in the future. He says approving this expansion would prevent that from happening again. He says he does not know how it happened that the second phase was never annexed, stating that after the building permit was issued by the City of Victorville, the next step should have been to apply to LAFCO for an out-of-

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agency service contract or annexation. Commissioner Bagley comments this is an excellent candidate for a service review.

In response to comments of Mr. Marzullo, Mr. Coleman states the Sterling Inn was just the first of those occurrences. He says that the most recent occurrence was with the Lakeside Academy, which was issued a building permit by the City of Victorville without any water or sewer resources. He also points out that Victor Valley Water District water lines, which run up Ridgecrest Road, are only 30 feet away from the Lakeside Academy. He also says Mr. Marzullo also did not mention that the adjudication in the High Desert includes a rampdown, which he says they are several years into right now. Mr. Coleman says they are down to 80% rampdown and that there is talk about taking them down to 60%. He says they have a lake to service in the community and with the rampdown they must buy water from the State, which will be very expensive, and will be put back onto the shoulders of Spring Valley Lake.

Mr. Marzullo states that the City of Victorville was in the process of issuing a building permit to the Lakeside Academy when it brought to Mrs. Oliver's attention that she would have to get a water and sewer service letter from CSA 64. He explains that when Mrs. Oliver brought that issue to the District, she was informed that she needed to annex to CSA 64. He says, however, that since the building permit and contracts had already been issued, and because communication between the City and District had not occurred as it should have, the District issued her a conditional will-serve letter that, subject to annexation, CSA 64 would provide the service. He points out that the Lakeside Academy was under construction and there were financial obligations in place. He says if the District had told Mrs. Oliver she could not build until annexation had taken place, it would have been a severe financial impact on her and litigation would probably occur because of the lack of coordination between the City and District. He notes that is a procedural problem that could occur again. Regarding the proximity of water lines, Mr. Marzullo says Victor Valley Water District has stated verbally and in writing that it has no intention of building infrastructure or making financial or engineering arrangements to serve this area. He says even if it sounds like a good idea, he cannot compel that Water District to change that arrangement. He says CSA 64 is aware of the financial impacts of rampdown and adjudication dollars for the future. He explains they lease those water obligations and says they build rampdown and adjudication costs into the rate structure, and they build capital costs into their capital fees. He says they may have to change the way they do that, but says again that if the concern is that someone may get a free ride or a special deal, they will not.

Mr. Coleman comments that the Lakeside Academy was issued a permit without any provision for water or sewer and that the SVLA was placed in a position to say that the Lakeside Academy could be annexed without protest of the SVLA. But he says now 80 acres have been added to the proposal. Mr. Marzullo says it was brought to his attention by Tom Sutton, General Manager of CSA 64, that a building permit was issued by the City before the District issued a will-serve letter. He says this impacted the property owner who was obligated for a loan and construction work and had no ability to receive water and sewer service unless CSA 64 served it. He says they were trying to make sure the property owner was not negatively impacted, so they required that she initiate annexation.

Mr. Sutton reports that when CSA 64 was contacted by the City of Victorville, the owners of Lakeside Academy had received a building permit and let contracts so he says there would have been a major negative impact to the property owners if the District had not allowed this to go forward. Mr. Sutton says they issued a conditional will-serve letter based on the feasibility study for water and sewer service that had been accomplished by Lakeside Academy. He reports that the Olivers paid out-of-pocket for the sewer and water line main extensions and paid all connection fees for the project. He says the water line extension was built to the District's standards and was conveyed to the District. He says any other properties that will benefit from these extensions will enter into a reimbursement agreement with the property owners and says other properties coming into the District will be required to take the same steps the Olivers did to ultimately receive service.

Lisa Oliver, the owner of Lakeside Academy, states that she did not close escrow until she had a will-serve letter from the District and says she had the approval of the City of Victorville, CSA 64, and LAFCO before

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they “stuck a shovel” in the ground. She says she found out during escrow that the property did not have water. She says they were told by their agent that the water line was at the corner of their property, but adds they were not told they would have to go through a one and a half year process of red tape to get into the District. She says they were trying to open the facility by September for the school year; that they were able to get everyone's permission; and that they were told annexation of their property would be approved, whether as a single parcel annexation or annexation of many parcels. Mrs. Oliver reports that she checked with Victor Valley Water District which refused to serve that area, saying that CSA 64 was all around her property and that the Water District would have to “leap-frog” over CSA 64 boundaries to serve the area. She says that properties will be annexed to CSA 64 at one time or another, and explains that approval of the expanded annexation will alleviate other property owners from the red-tape and year and a half process she had to go through, as well as save them additional fees. She says those opposed seem to think they are getting a “free ride”; however, she says the fees they are trying to alleviate for other property owners are LAFCO fees, not CSA 64 fees.

Commissioner Pearson states that in a letter from Mr. Adams attached to the staff report, it was indicated that the Board of Directors of the SVLA was acting in its capacity as the Water Advisory Commission for CSA 64. He asks Mrs. Oliver, since she lives in Spring Valley Lake, whether she knows if that is a formalized arrangement. Mrs. Oliver responds she is not familiar with that matter. She adds, however, that she felt the letter from Mr. Adams was very detailed in explaining his concerns and says she also felt the letter of response from Mr. Roddy should have alleviated all of these concerns, which are mainly the impacts on water availability and people getting a “free ride”. She says she also feels that Mr. Marzullo has established this morning that no one will get a “free ride”, and she says she hopes that will put this issue to rest. She reiterates they had to go through the feasibility study process and that they are just trying to alleviate the hassle of a piecemeal, expensive and lengthy annexation process for others.

In response to Commissioner Pearson, Mr. Adams says he spoke to the Operations Manager at Boise Cascade in 1969 and, at the request of Boise Cascade to the Supervisor at that time, Bill Betterley, a request was made that the Board of Directors of the SVLA act as the water advisory commission. He says that is why there has been no water advisory commission appointed there in thirty years. He says as recently as about two years ago, they were acting in that capacity when a road authority issue came up. Because there is confusion, Mr. Adams says they are going to ask Supervisor Postmus to memorialize that or appoint a water advisory commission if he wishes to change that. Mr. Adams adds that historically there have been buy-ins in that area that were way undercharged, and says Sterling Inn was one of them. He says he knows that Special Districts has been trying to remedy that but he says they want assurance that what has happened in the past does not continue to happen.

In response to inquiry of Commissioner Bagley, Mr. Roddy states that the governing body for CSA 64 is the Board of Supervisors. He says that the SVLA is a homeowners' association whose members are elected by the landowners; that it is a very compelling voice in the community; but that it has not been specifically appointed by the County Supervisor to serve as an advisory commission. Commissioner Bagley says that some of the issues they are talking about are beyond the scope of LAFCO. He says that how water is distributed in the High Desert should be looked at when they do the service reviews.

Georgia Graham states she is a board member of the homeowners' association and says she echoes Mr. Roddy's statement that the SVLA has never been officially notified that they are an advisory commission to San Bernardino County. Ms. Graham says that until they receive proof, they are acting as a homeowners association to set policy for their homeowners and are not a government entity. She states that she supports this annexation and was the only opposing vote on the Board to send the letter to Mr. Roddy. She points out that the letter was sent by only one Board member and was not reviewed by all Board members. She says if that were the case, she would have deleted the language about the commission.

Chairman Smith asks whether there is anyone else wishing to speak on this matter. There is no one and he closes the hearing.

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Commissioner Mikels moves approval of staff recommendation, seconded by Commissioner Bagley for purpose of discussion. Commissioner Bagley says staff recommendation to expand the annexation to eliminate \$148,000 in additional fees for other landowners within the 80 acres, and to eliminate them from going through the same problems Lakeside Academy went through, is wise policy. He says a lot of issues have been discussed and that he shares the frustration of the people, but points out that they are issues beyond the scope of LAFCO. He says the water fees need to be addressed at the Special Districts level. He says that Spring Valley Lake has a strong community identity and may be a candidate for incorporation in the future if they want to control their own destiny. Chairman Smith comments that there needs to be better communication among all the entities.

Chairman Smith asks if there is further discussion. There being none, he calls for a voice vote on the motion and it is as follows: Ayes: Bagley, Colven, Mikels, Pearson, Smith, Williams. Noes: None. Abstain: None. Absent: Postmus.

CONSIDERATION OF WAIVER OF LEGAL COUNSEL CONFLICT LETTERS FOR LAFCO 2893 - SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY FOR CHINO VALLEY INDEPENDENT FIRE DISTRICT AND LAFCO 2897 - SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY FOR CITY OF ONTARIO - APPROVE STAFF RECOMMENDATION

LAFCO considers authorizing the Chairman to sign two waiver of legal counsel conflict letters for the sphere of influence updates/service reviews for the Chino Valley Independent Fire District and the City of Ontario. Notice of this matter has been advertised as required by law through publication in The Sun, a newspaper of general circulation.

Executive Officer James Roddy presents the staff report, a copy of which is on file in the LAFCO office and is made a part of the record by its reference herein. Mr. Roddy reports that both of these agencies have a professional relationship with Best, Best & Krieger, which is the law firm for which Clark Alsop, LAFCO's Legal Counsel, works. He says that since neither of these agencies will be proposing any sphere changes, and none of the service review factors are controversial, staff recommends that the Chairman be authorized to sign the waiver letters.

Chairman Smith asks whether there is anyone present wishing to speak on this item. There is no one.

Commissioner Pearson moves approval of staff recommendation, seconded by Commissioner Colven. Chairman Smith calls for any objections to the motion. There being none, the voice vote on the motion is as follows: Ayes: Bagley, Colven, Mikels, Pearson, Smith, Williams. Noes: None. Abstain: None. Absent: Postmus.

PENDING LEGISLATION REPORT AND SPECIFIC DISCUSSION OF AB 2370 AND SB 1515 - CONTINUE TO JULY 17, 2002

Executive Officer James Roddy says staff recommendation is to continue the discussion on AB 2370 and SB 1515 to July 17, 2002. Mr. Roddy says Commissioner Mikels raised questions about these two bills last month and he reports that Legal Counsel needs additional time to "hash out" the confusing language in the bills.

Commissioner Mikels moves approval of staff recommendation, seconded by Commissioner Williams. Chairman Smith calls for any objections to the motion. There being none, the voice vote on the motion is as follows: Ayes: Bagley, Colven, Mikels, Pearson, Smith, Williams. Noes: None. Abstain: None. Absent: Postmus.

EXECUTIVE OFFICER'S ORAL REPORT

**MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION
HEARING OF JUNE 19, 2002**

Mr. Roddy states that a copy of the draft agenda for the July 17 hearing has been provided to the Commission. He reports that the Commission will consider several sphere of influence updates and service reviews and says the meeting should last until about noon. He reports that each Commissioner has received copies of the environmental documents for the City of Hesperia annexation of the Summit Valley Ranch area also to be considered in July, as well as information on the CALAFCO Annual Conference to be held in Santa Barbara November 13 through November 15.

COMMENTS FROM THE PUBLIC

Chairman Smith calls for comments from the public. There are none.

**THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION, THE HEARING IS
ADJOURNED AT 10:30 A.M.**

ATTEST:

DEBBY CHAMBERLIN
Clerk to the Commission

LOCAL AGENCY FORMATION COMMISSION

GERALD W. SMITH, Chairman